

Message Text

CONFIDENTIAL

PAGE 01 TEHRAN 07928 01 OF 02 050102Z

12

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 009921

O 042345Z AUG 76 ZFF6
FM AMEMBASSY TEHRAN
TO AMEMBASSY LONDON NIACT IMMEDIATE
INFO SECSTATE WASHDC IMMEDIATE 8482

C O N F I D E N T I A L SECTION 1 OF 2 TEHRAN 7928

EXDIS

FOR THE SECRETARY'S PARTY

FOR ATHERTON FROM KRATZER

E.O. 11652: XGDS-1

TAGS: TECH, IR, USIRJC

SUBJECT: NUCLEAR ENERGY DISCUSSIONS

REFS: A) TEHRAN 7886, B) TEHRAN 7926, C) SECTO 20004

1. UNDERLYING ISSUE IS THAT IRAN FEELS THAT, AS NPT PARTY, IT IS ENTITLED TO RECEIVE US ASSISTANCE IN ALL PHASES OF NUCLEAR FUEL CYCLE, INCLUDING REPROCESSING AND ENRICHMENT, AND TO UNDERTAKE ALL SUCH OPERATIONS IN IRAN WHEN CONVENIENT TO DO SO, SUBJECT ONLY TO NPT REQUIREMENT THAT IAEA SAFEGUARDS BE APPLIED TO ALL PEACEFUL NUCLEAR ACTIVITIES. IRAN ALSO TAKES STRONG EXCEPTION TO FACT THAT US POLICY DISCRIMINATES AGAINST IRAN, NOT ONLY IN FIELD OF NUCLEAR WEAPONS, AS NPT INTENDED, BUT IN PEACEFUL USES AS WELL, WHICH THEY FEEL NPT WAS DESIGNED TO AVOID, AND THEY STRONGLY RESENT ACTION OF NUCLEAR SUPPLIER NATIONS, WHICH THEY REGARD AS A SORT OF NUCLEAR OPEC. US POSITION IS THAT WHILE IRAN'S NPT ADHERENCE IS IMPORTANT POSITIVE FACTOR, CERTAIN FUEL CYCLE ACTIVITIES, I.E., ENRICHMENT, REPROCESSING, AND STORAGE OR FABRICATION OF PLUTONIUM ARE INHERENTLY SO SENSITIVE THAT THEY SHOULD BE AVOIDED OR DEFERRED AS LONG AS POSSIBLE, ESPECIALLY IN "SENSI-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEHRAN 07928 01 OF 02 050102Z

TIVE" REGIONS. WE ALSO ARE CONCERNED BY FACT THAT NPT ALLOWS

WITHDRAWAL, THAT IAEA SAFEGUARDS ARE NOT FOOLPROOF, AND THAT SENSITIVE FACILITIES AND MATERIALS, ONCE AVAILABLE IN A COUNTRY, REMAIN AFTER CONTROLS MAY BE LOST THROUGH ABROGATION OR OTHER REASONS. WE STRESS THAT WE ACCEPT IRAN'S DEPENDABILITY, BUT HAVE APPEALED TO IT TO JOIN US IN SPECIAL RESTRAINTS THAT GO BEYOND NPT AS ACT OF LEADERSHIP IN HELPING ESTABLISH MORE SECURE GLOBAL NON-PROLIFERATION REGIME THAT THAT AFFORDED BY NPT ALONE. DESPITE IRANIAN POSITION OUTLINED ABOVE, WHICH UNDERLIES ALL THEIR MORE DETAILED COMPLAINTS, IRAN HAS, IN DEFERENCE TO STRONG US CONCERNS, INDICATED RELUCTANT WILLINGNESS TO ACCEPT SOME RESTRAINTS BEYOND NPT SAFEGUARDS, AND THEY HAVE ALREADY DONE SO IN FRG AGREEMENT. THUS, WHILE THEY FREQUENTLY REVERT TO NPT COMPLAINT, PRACTICAL NEGOTIATING ISSUES NOW INVOLVE MORE DETAILED ITEMS. PRINCIPAL SUCH ITEMS, WITH RESUME OF IRANIAN AND US POSITIONS ARE AS FOLLOWS:

2. PRINCIPAL NEGOTIATING ISSUE INVOLVES REPROCESSING AND RELATED FUEL CYCLE STEPS WHERE PLUTONIUM IS HANDLED OR STORED. REPROCESSING ISSUE HAS SEVERAL FACETS:

(A) PROVISION OF TECHNOLOGY -

IRANIAN POSITION: CONSISTENT WITH ITS VIEW OF NPT, IRAN TAKES POSITION WE ARE OBLIGATED TO PROVIDE REPROCESSING TECHNOLOGY WHEN IRAN NEEDS AND REQUESTS IT. HOWEVER, ETEMAD HAS STATED HE RECOGNIZES US COMMITMENT TO THIS EFFECT IS IMPOSSIBLE UNDER CURRENT CONDITIONS, AND HAS NOT PRESSED POINT.

US POSITION: US BELIEVES NPT CREATES NO OBLIGATION TO TRANSFER SENSITIVE TECHNOLOGIES, AND THAT MORE SECURE NON-PROLIFERATION REGIME WILL RESULT IF SPREAD OF REPROCESSING FACILITIES UNDER NATIONAL CONTROL IS PREVENTED OR STRICTLY RESTRAINED. WE ALSO STRESS THAT REPROCESSING IS NOT ECONOMICAL UNDER PRESENT CONDITIONS, ESPECIALLY IN COUNTRIES SUCH AS IRAN WITH ONLY A FEW REACTORS, AND REPROCESSING DECISIONS CAN THEN BE PUT OFF FOR A NUMBER OF YEARS WITHOUT ECONOMIC PENALTY. HOWEVER, WE HAVE INDICATED WILLINGNESS TO HELP SEEK APPROPRIATE SOLUTION TO REPROCESSING PROBLEM WHEN THIS BECOMES NECESSARY. SOLUTION, FOR EXAMPLE, COULD TAKE FORM OF REPROCESSING FACILITIES UNDER MULTINATIONAL OR BINATIONAL, RATHER THAN NATIONAL

CONFIDENTIAL

PAGE 03 TEHRAN 07928 01 OF 02 050102Z

AUSPICES, OR REPLACEMENT OF IRRADIATED (PLUTONIUM BEARING) FUEL WITH FRESH ENRICHED URANIUM.

(B) CONDITIONS FOR REPROCESSING OF US MATERIAL: CONDITIONS UNDER WHICH WE WILL ALLOW REPROCESSING OF US MATERIAL HAS BEEN AND REMAINS PRINCIPAL NEGOTIATING ISSUE.

IRANIAN POSITION: IRANIAN POSITION IS THAT THERE SHOULD BE

NO RESTRAINTS ON REPROCESSING AND RELATED FUEL CYCLE ACTIVITIES IN IRAN, EXCEPT NPT REQUIREMENT OF IAEA SAFEGUARDS WHICH THEY FULLY ACCEPT. HOWEVER, IN RECOGNITION OF US CONCERNS, ETEMAD HAS INDICATED WILLINGNESS TO ACCEPT SOME ADDITIVE RESTRAINTS, ALTHOUGH HIS POSITION ON WHAT IS AND IS NOT ACCEPTABLE TENDS TO VARY FROM ONE NEGOTIATION TO THE NEXT, AND EVEN FROM ONE DAY TO ANOTHER WITHIN A NEGOTIATION. AT PRESENT, THERE SEEMS TO BE GENERAL AGREEMENT ON AN APPROACH DEVELOPED DURING CURRENT NEGOTIATIONS, WITH CERTAIN EXCEPTIONS. IN GENERAL TERMS, APPROACH IS:

(1) IRAN WOULD HAVE OPTION TO CHOOSE AMONG REPROCESSING IN BINATIONAL PLANT (I.E., PLANT IN WHICH SUPPLIER IS INVOLVED IN MANAGEMENT AND OPERATION), REPROCESSING IN THIRD COUNTRY (FOR EXAMPLE, UK, FRANCE, OR GERMANY) WITH US APPROVAL, OR RETURN OF IRRADIATED FUEL TO US AND REPLACEMENT WITH FRESH FUEL (SUBJECT TO US STATUTORY AUTHORITY AND PHYSICAL CAPABILITY).

(2) IF OPTION SELECTED BY IRAN WERE NOT FEASIBLE, IRAN WOULD TRY ONE OF THE OTHER OPTIONS; IF THIS WERE NOT FEASIBLE, THE THIRD OPTION WOULD BE TRIED.

(3) AS BOTTOM LINE IF NONE OF ABOVE OPTIONS WERE FEASIBLE, US WOULD CONSENT TO REPROCESSING IN A NATIONAL FACILITY IN IRAN, SUBJECT TO MUTUAL AGREEMENT AS TO ADEQUACY OF IAEA SAFEGUARDS WHICH WE COULD SUPPLEMENT IF NECESSARY WITH OUR OWN PERSONNEL.

3. CURRENT MAIN POINTS OF DISAGREEMENT WITH RESPECT TO ABOVE PLAN ARE:

(A) ETEMAD CONTENTS US SHOULD BEAR COST IF US DENIAL OF ANY PARTICULAR OPTION REQUIRES IRAN TO EMPLOY MORE COSTLY APPROACH.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 TEHRAN 07928 01 OF 02 050102Z

(B) WHILE NOT ABANDONING HIS EARLIER AGREEMENT TO MAKING GOOD FAITH EFFORT TO ESTABLISH BINATIONAL REPROCESSING

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 TEHRAN 07928 02 OF 02 050105Z

12

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 009949

O 042345Z AUG 76 ZFF-6
FM AMEMBASSY TEHRAN
TO AMEMBASSY NIACT IMMEDIATE
SECSTATE WASHDC IMMEDIATE 8483

C O N F I D E N T I A L SECTION 2 OF 2 TEHRAN 7928

EXDIS

ETEMAD IS NOW VACILLATING AND AGREED LANGUAGE HAS NOT BEEN DEVELOPED.

(C) IAE0 STAFF IS TAKING STRONG EXCEPTION TO REQUIREMENT OF US APPROVAL OF TRANSFERS TO THIRD COUNTRY FOR REPROCESSING.

(D) ETEMAD AND STAFF HAVE OBJECTED TO REQUIREMENT FOR JOINT AGREEMENT ON ADEQUACY OF SAFEGUARDS, CONTENDING OTHER LANGUAGE IN AGREEMENT ALREADY ACCOMPLISHES THIS PURPOSE. WE HAVE BEEN UNABLE SO FAR TO GAUGE STRENGTH OF THEIR OBJECTION.

4. US POSITION:

US POSITION IS THAT US INVOLVEMENT IN DECISIONS ON REPROCESSING OF US MATERIAL BY IRAN ARE ABSOLUTELY ESSENTIAL AND THAT WE COULD APPROVE REPROCESSING OF US MATERIAL IN NATIONAL FACILITIES IN IRAN ONLY AS LAST RESORT, IF ALL OTHER OPTIONS PROVED INFEASIBLE. APPROACH DESCRIBED ABOVE, IN WHICH IRAN HAS FIRST OPTION TO SELECT REPROCESSING APPROACH, WAS DEVELOPED DURING CURRENT NEGOTIATIONS AND IS REGARDED BY IRANIANS AS AN IMPORTANT FORWARD STEP. WITH RESPECT TO ABOVE FOUR POINTS OF DISAGREEMENT:

(A) WE ARE WILLING TO TAKE ECONOMIC FACTORS INTO ACCOUNT IN DECIDING WHETHER TO GIVE OR WITHHOLD OUR REPROCESSING APPROVALS, BUT WE ARE UNWILLING TO BEAR IRAN'S EXCESS COSTS, IF ANY. THESE REPRESENT COSTS OF: NON-PROLIFERATION IN WHICH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEHRAN 07928 02 OF 02 050105Z

WE HAVE COMMON INTEREST.

(B) WE HAVE ALREADY DEPARTED, IN LIGHT OF IRANIAN OBJECTIONS, FROM OUR EARLIER APPROACH OF MULTINATIONAL FACILITY TO BINATIONAL FORMULA, AND WE ARE NOT PREPARED TO RETREAT STILL FURTHER TO REPROCESSING IN PURELY NATIONAL FACILITIES, WITHOUT REQUIRING IRAN TO MAKE GOOD FAITH EFFORT

TO ESTABLISH BINATIONAL FACILITY.

(C) US APPROVAL OF TRANSFER OF US SUPPLIED MATERIAL TO THIRD COUNTRIES IS NOT ONLY AN IMPORTANT POINT OF POLICY, BUT IS A LEGAL REQUIREMENT OF ATOMIC ENERGY ACT. WE HAVE NO FLEXIBILITY ON THIS.

(D) REQUIREMENT FOR US APPROVAL OF ADEQUACY OF SAFEGUARDS AS CONDITION OF REPROCESSING IN NATIONAL PLANT IS CONSISTENT WITH US POSITION, OF MANY YEARS STANDING, AND RETREAT FROM THIS, IN PRESENT DOMESTIC CLIMATE ON NON-PROLIFERATION, IS, WE BELIEVE, COMPLETELY INFEASIBLE.

5. OTHER ISSUES: IN ITS COMMENTARY OF JULY 21, IRAN IDENTIFIED A NUMBER OF OTHER ISSUES, WHICH ETEMAD REGARDS AS CLEARLY OF LESS IMPORTANCE THAN REPROCESSING ISSUE COVERED ABOVE. THESE WILL BE DISCUSSED TOMORROW. SOME OF THEM MAY TURN OUT TO BE SERIOUS STICKING POINTS, INCLUDING:

(A) ACCESS TO IAEA SAFEGUARDS INFORMATION: IRANIAN POSITION: IRAN IS OPPOSED TO GRANTING US ACCESS TO RESULTS OF IAEA INSPECTIONS IN IRAN, ON GROUND THIS CONTRARY TO SPIRIT OF ASSIGNING THIS RESPONSIBILITY TO IAEA.

US POSITION: LACK OF INFORMATION ON IAEA INSPECTIONS HAS CONTRIBUTED TO SERIOUS DECLINE OF CONFIDENCE IN US IN IAEA SAFEGUARDS. WE BELIVE IAEA IS OVER-PROTECTING THIS INFORMATION AND THAT IT IS IN INTERESTS OF BOTH SUPPLIER AND RECIPIENT, I.E., IN THIS CASE IRAN, THAT ADEQUACY OF SAFEGUARDS IS READILY APPARENT TO WORLD COMMUNITY.

(B) ISSUANCE OF EXPORT LICENSES.

IRANIAN POSITION: IRAN IS REQUESTING ASSURANCE THAT FUTURE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TEHRAN 07928 02 OF 02 050105Z

EXPORT LICENSES WILL BE ISSUED AS REQUIRED, A CONCESSION IT OBTAINED IN FRG AGREEMENT.

US POSITION: WE ARE LEGALLY UNABLE TO GIVE SUCH ASSURANCE IN VIEW OF STATUTORY RESPONSIBILITY OF NRC, AN INDEPENDENT REGULATORY AGENCY, BUT WE MAY BE ABLE TO BRIDGE GAP WITH EXPRESSION OF "BEST EFFORTS."

(C) THIRD COUNTRY TRANSFERS.

IRANIAN POSITION: IRANIAN POSITION IS THAT NO US APPROVAL SHOULD BE REQUIRED FOR TRANSFERS OF SAFEGUARDED MATERIAL TO THIRD COUNTRIES WHICH ACCEPT SOME SAFEGUARDS. THIS COMES UP BOTH IN REPROCESSING CONTEXT AND ELSEWHERE.

US POSITION: WE ARE LEGALLY REQUIRED TO APPROVE TRANSFERS OF US SUPPLIED MATERIAL, AND AS LOGICAL COROLLARY, WE HAVE ALWAYS REQUIRED US APPROVAL FOR TRANSFER OF MATERIAL DERIVED FROM US SUPPLIED MATERIALS OR EQUIPMENT.

6. ANALYSIS AND PROGNOSIS:

THIS NEGOTIATION HAS ALWAYS BEEN CHARACTERIZED BY UPS AND DOWNS IN WHICH ETEMAD FIRST APPEARS TO ACCEPT, THEN LATER REJECT, US COMPROMISE PROPOSALS DESIGNED TO BRIDGE FORMIDABLE GAP BETWEEN FUNDAMENTAL DIFFERENCES DESCRIBED IN PARAS 1 AND 2. WE NOW BELIEVE MOST RECENT SET-BACK (AFTER RECEIVING SEVERAL OPTIMISTIC REPORTS ON IRANIAN ATTITUDE TOWARD APRIL NEGOTIATIONS IN WASHINGTON) WAS PROBABLY IN LARGE PART DUE TO ROLE OF NEW LEGAL CONSULTANT TO ETEMAD, COUPLED WITH CONCLUSION OF FRT-IRAN AGREEMENT ON TERMS FAVORABLE TO IRAN. AS REPORTED REF B, WE BELIEVE ETEMAD, WHO TOOK INITIATIVE IN PROPOSING FAVORABLE COMMITTEE REPORT TO JOINT COMMISSION, CLEARLY WANTS TO AVOID SERIOUS CONFRONTATION ON NUCLEAR ISSUE. AT SAME TIME, WE BELIEVE HE IS IN NO HURRY TO REACH AGREEMENT, SINCE IRAN PROBABLY WOULD FACE BOTH FINANCIAL AND MANAGERIAL DIFFICULTIES IN TAKING ON ADDITIONAL, I.E., US, REACTOR PROJECTS AT PRESENT, AND SINCE ETEMAD APPARENTLY FEELS THAT TIME IS "ON HIS SIDE", AND THAT US WILL EVENTUALLY REALIZE ITS PRESENT RESTRICTIVE POLICIES ARE NOT VIABLE. IN CONTRAST TO SOME EARLIER OCCASIONS, CONFIDENTIAL

CONFIDENTIAL

PAGE 04 TEHRAN 07928 02 OF 02 050105Z

ETEMAD HAS NOT INVOKED NAME OF SHAH DURING PRESENT DISCUSSIONS, A FURTHER INDICATION HE IS NOT SEEKING CONFRONTATION. ON OTHER HAND, SHAH MAY WELL HAVE HIS OWN VIEWS AS TO EXTENDED LENGTH OF TIME THESE NEGOTIATIONS HAVE BEEN IN PROGRESS. WE WILL SEEK SOME INSIGHT AT TOMORROW'S SESSION INTO POSSIBILITY THAT NUCLEAR ISSUE WILL BE RAISED BY SHAH, WITHOUT, OF COURSE, SEEMING TO SUGGEST THIS COURSE TO ETEMAD. HELMS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NPT, NUCLEAR COOPERATION PROGRAMS, NUCLEAR FUELS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 AUG 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TEHRAN07928
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D760301-0163
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760885/aaaacwts.tel
Line Count: 318
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 76 TEHRAN 7886, 76 TEHRAN 7926, 76 SECTO 20004
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 17 NOV 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 NOV 2003 by GarlanWA>; APPROVED <10 AUG 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NUCLEAR ENERGY DISCUSSIONS
TAGS: TECH, IR, US, USIRJC
To: LONDON
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006